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*Department of State*

INCOMING TELEGRAM

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ACTION EA-12

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CINCPAC HONOLULU

UNCLAS WELLINGTON 02477

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USICA FOR PGM/RC, PGM/P, PGM/FW, PGM/FN, VOA NEWS/CA.
STATE FOR EA/ANZ, CINCPAC FOR USICA ADVISOR

EO12065: N/A
SUBJECT: MEDIA REACTION: THE BUTTER THREAT.

1. THE "DOMINION" COMMENTED IN ITS EDITORIAL ON MAY 13, 1981 UNDER THE HEADING 'THE BUTTER THREAT.'

2. "NEW ZEALAND'S DAIRY INDUSTRY REELS FROM ONE CRISIS TO ANOTHER, NO SOONER IS THERE RELIEF FROM THE PROBLEMS CREATED BY EEC FARM SUBSIDY POLICIES THAN THE SAME KIND OF SETBACK THREATENS US FROM ANOTHER SOURCE - THE UNITED STATES PLANS TO DUMP LARGE QUANTITIES OF BUTTER ON THE INTERNATIONAL MARKET.

3. "FOR NEW ZEALAND THE SITUATION IS SERIOUS. THE NEW ZEALAND DAIRY INDUSTRY'S EFFICIENCY IS UNDISPUTED. BUT IT COUNTS FOR LITTLE WHEN THE WEALTHY INDUSTRIAL NATIONS IMPLEMENT SUBSIDY POLICIES THAT RESULT IN AN OVER-SUPPLY IN THEIR OWN COUNTRIES. THE DUMPING PROPOSAL WOULD DANGEROUSLY JEOPARDISE NEW ZEALAND'S MARKETING OPPORTUNITIES ABROAD.

4. "MR TALBOYS AS MINISTER OF OVERSEAS TRADE HAS MADE THE STRONGEST REPRESENTATIONS' TO THE UNITED STATES ON THE IMPLICATIONS OF ITS PLAN. AMERICA SHOULD UNDERSTAND THAT TO SO DETERMINE THE NEW ZEALAND ECONOMY WOULD HARDLY BE NURTURING A DEPENDABLE_ALLY." BELL

DEPARTMENT OF STATE A/CDC/MR
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TO AUTH. _____ REASON(S) _____
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